

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
 Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

IN THE MATTER OF:

**VERIZON WIRELESS' PETITION**  
**PURSUANT TO 47 U.S.C. § 160**  
**FOR PARTIAL FORBEARANCE**  
**FROM THE COMMERCIAL MOBILE**  
**RADIO SERVICES NUMBER**  
**PORTABILITY OBLIGATION**

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WT DOCKET NO. 01-184

CC DOCKET NO. 99-200

**INITIAL COMMENTS OF**  
**THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS**

Pursuant to the Federal Communications Commission ("FCC" or "Commission") rules of practice and procedure, the National Association of Regulatory Utility Commissioners respectfully submits the following comments in response to the FCC Wireless Telecommunications Bureau ("WTB") September 5, 2001 Public Notice seeking comment on a Verizon Wireless ("Verizon") petition requesting forbearance from the FCC's rules imposing local number portability ("LNP") requirements on commercial mobile radio service ("CMRS" or "wireless") providers. NARUC is already on record as opposing any further delay in the implementation dates for local number portability.<sup>1</sup>

<sup>1</sup> See, NARUC's March 8, 2000 *Resolution on the FCC's Number Conservation Rulemaking Proceeding and Pending Delegation Orders* at <http://www.naruc.org/Resolutions/2000winter/tel-fcc.htm> and the associated addendum at <http://www.naruc.org/Resolutions/2000winter/Tel-Addendum.htm>. Both are attached. Cf., November 30, 2000 *Ex Parte Letter from NARUC General Counsel J. Bradford Ramsay to FCC Chairman William Kennard* filed in the proceeding captioned *In the Matter of Numbering Resource Optimization*, CC Docket No. 99-200" ["NARUC urges the FCC to maintain November 24, 2002, as the deadline for all wireless providers to be LNP-capable . . . We believe the FCC must look very carefully at any arguments made by carriers alleging that they technically will not be able to begin pooling on November 24, 2002. Carriers must be required to provide specific information to support their assertions. The FCC should determine whether any technical limitations: (1) could be overcome with more resources; (2) are the result of willful disregard of earlier orders and deadlines; and/or (3) are actual limitations by specific carriers and not generalized concerns raised by trade associations. Carriers often need external deadlines to justify allocating the resources necessary to meet the deadline. The implications of continuing the wireless exemption on number conservation appear quite significant."]

One key element underlying that opposition has been the industry's long-held position that it cannot participate in pooling of numbers without full LNP capability. In Verizon's petition, the company asserts that it can participate in pooling efforts without porting or providing LNP to the end-user. NARUC opposes any proposed interim or permanent relief that could reduce the efficacy of number pooling. If the FCC determines to grant Verizon's petition *on an interim basis*, at a minimum, such approval must be explicitly conditioned on Verizon fully participating in pooling procedures and other number conservation efforts.

Wireless carriers are a significant user of new numbers. While wireless carriers are assigned 19% of the total NXXs in the United States, they currently account for 50% of the new NXXs assigned by NANPA. The wireless industry experiences "churn" rates between 25 and 30 percent per year.<sup>2</sup> Some have forecast that that rate will increase to 40 percent over the next five years.<sup>3</sup> Therefore, at any one time a significant number of the wireless customers in the United States are switching from one wireless provider to another. The numbers associated with this "churn" are stranded for a minimum of 45 days, as the wireless provider winning the customer must assign a new number to that customer. If wireless providers could port all or even some of the telephone numbers it would conserve an enormous number of telephone numbers that effectively continuously cycle in and out of "churn" limbo. Carriers typically refrain from reassigning a telephone number, or "age" the number, for 45 to 90 days. During that period, the

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<sup>2</sup> See, e.g., Meyer, Dan "*Build loyalty, keep a customer*" RCR Wireless News, July 23, 2001, Monday, at Pg. 14 (Copyright 2001 Crain Communications, Inc) ["While customer churn industry-wide remains steady in the 2-percent to 3-percent range per month, wireless carriers are seeing about one-third of their customer base switch to another provider each year."] Cf. Meyer, Dan "*Carriers begin to feel pinch of economic slowdown*" RCR Wireless News, August 13, 2001, at Pg. 22 (Copyright 2001 Crain Communications, Inc) ["[Western Wireless put some of the blame on higher customer churn, reported at 2.6 percent . . .]"; Meyer, Dan "Wireless carriers meet expectations for 2Q" RCR Wireless News, July 30, 2001, at Pg. 20 (Copyright 2001 Crain Communications, Inc) ["Pro forma (a company). . . [c]ustomer churn dropped slightly from the previous quarter's 3 percent to 2.9 percent.']]

<sup>3</sup> "*Shared Plans Gaining Popularity As Carriers Attempt To Halt Churn*," WIRELESS INSIDER, July 30, 2001 ["[S]ubscriber churn predicted to increase to 40 percent in the next five years . . . Churn rates continue to be two to three percent per month."].

numbers cannot be reassigned to any wireless customer, even if the provider with the number has a customer signed up and ready for new service.<sup>4</sup> Verizon's petition, which outlines the company's apparent commitment to pooling (as opposed to porting), does not address this issue or discuss how its proposal can ameliorate this problem.<sup>5</sup>

Moreover, it is not clear from Verizon's petition that it will be able to participate fully in pooling procedures. NARUC opposes any delay or forbearance that could reduce or eliminate Verizon's ability to participate in number pooling trials or other number conservation efforts.

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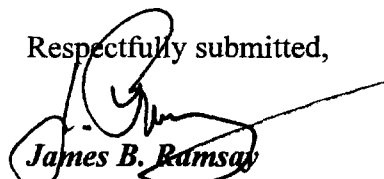
<sup>4</sup> Compare, aPleumjit, Kanchanda, "Thai Telecommunications Company Asks Court to Cancel Rehab Plan", Bangkok Post, Bangkok Post, Thailand, September 12, 2001 [Where an article about a carrier operating in Bangkok suggests that carrier's need for new numbers may be exacerbated by high churn rates – BETWEEN WIRELESS AND WIRELINE SERVICES: "TT&T vice-president Witit Sajjapong said that since the company's phone numbers are running out, it had adopted a policy to sell to customers with potentially high rates of telephone use. He acknowledged that the company had a high churn rate of 3,000 to 4,000 numbers per month due to intense competition from mobile phones. URL: <http://www.bangkokpost.com>

<sup>5</sup> With respect to "churn" rates, Verizon also makes an interesting argument for permanent forbearance at pages 15–18 of its petition. Stripped of its negative phrasing, *the petition suggests that the undisputed fact that LNP implementation will increase churn and price competition is somehow irrelevant to the question of whether the FCC should forbear.* Under 47 U.S.C. § 160(b), the FCC is required to consider if forbearance will "promote competitive market conditions. See, "WAP, SMS Key To Keeping Australian Cell-Phone Users – IDC" DATELINE: SYDNEY, AUSTRALIA September 11, 2001, Australian mobile phone operators will need to differentiate their services if they are to hold on to their customers after the Sep. 25 introduction of number portability, IDC Australia says. "Mobile number portability has boosted churn rates in other markets, by reducing the cost of changing service providers almost to zero," IDC analyst Peter Lemon says. Later this month Australian companies and individuals will have the ability to change provider while keeping the same phone number. "Voice services are hard to differentiate -- the operators will be exposed to severe price pressure," Lemon says." {Emphasis Added} URL: <http://www.newsbytes.com> . "Feasibility Study & Cost Benefit Analysis of Number Portability for Mobile Services in Hong Kong," Final Report for OFTA, by NERA (Nigel Attenborough, Jonathan Sandbach, Usman Saadat, and Gorge Siolis) and Smith System Engineering (Mark Cartwright) (London May 1998) at 78-82: On Page 82, the authors note: "Table 5.5 shows that almost three quarters of personal subscribers would be considerably more likely or slightly more likely to switch operators if MNP was available . . . . We have revised our estimate of the churn to an additional 5-15 percentage points once MNP is implemented. This estimate of the additional churn following the introduction of MNP is consistent with the view expressed by many of the mobile operators in Hong Kong during our visits to them in December 1997 and in response to our Preliminary Report." On Page 81, they state: "These results were supported by other results from the survey. Clearly, the inability to retain their existing number is a significant influence in the decision of subscribers to switch. Just under 85 per cent of personal and SME subscribers suggested that the (in)ability to retain their existing number influenced their decision to switch."

## CONCLUSION

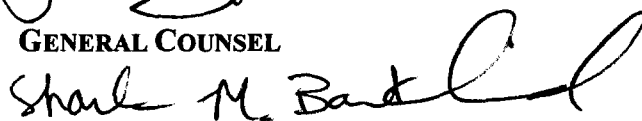
Under 47 U.S.C. § 160(b), the FCC must weigh the competitive effect of the request, determine if forbearance will “promote competitive market conditions,” and decide if forbearance is “in the public interest.” Competitive impact aside, NARUC respectfully suggests that, to the extent the Verizon proposal reduces or eliminates Verizon’s ability or incentive to conserve numbers or participate in pooling programs to conserve numbers, its petition fails to meet the “public interest” required for the FCC to grant the request.

Respectfully submitted,



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**SEPTEMBER 21, 2001**

# **CERTIFICATE OF SERVICE**

I, JAMES BRADFORD RAMSAY, CERTIFY THAT ON THIS 21<sup>ST</sup> DAY OF SEPTEMBER, 2001, I MAILED A COPY OF THE FOREGOING POSTAGE PREPAID TO THE PERSONS LISTED BELOW:

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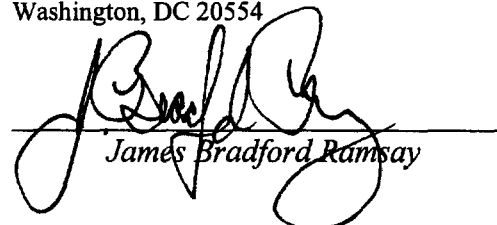
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**September 21, 2001**

  
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